

FIRST SET OF DOCUMENT AND INFORMATION REQUESTS OF
THE DEPARTMENT OF COMMUNICATIONS AND ENERGY TO
BOSTON GAS COMPANY, COLONIAL GAS COMPANY AND ESSEX GAS COMPANY
D/B/A KEYSpan ENERGY DELIVERY NEW ENGLAND

D.T.E. 04-62

Respondent: Ann Leary

Information Request DTE 1-42

- Q. Refer to Exhibit KED/AEL-1. Discuss how KeySpan proposes to treat the Colonial and Essex gas acquisition and planning costs that are currently recovered through rates set prior to the KeySpan merger.
- A. The Company is not proposing to make any changes to the base-rate tariffs for Colonial and Essex. Also, it should be noted that there are no gas-acquisition and planning costs collected through base rates on the Colonial system (these costs are collected solely through the CGA). On the Essex system, the gas acquisition and planning costs are such a small part of the entire CGA factor that the Company proposed to combine those costs and charge them to all customers on an equal per-unit basis solely for administrative efficiency. For example, the gas-acquisition costs on a combined basis equals \$976,000 or 0.1 percent of the total annual gas costs (please see Exhibit KED/AEL-2, at line 11). The inclusion of this cost would result in an annual per-unit factor of \$.0014 per therm, or \$.017 per month for a typical residential customer on the Essex system using 1,460 therms per year. Thus, although the Company recognized that gas-acquisition costs on the Essex system are currently recovered through base rates, this would add only a very small charge to Essex customers, but would increase the simplicity and ease of administration of the CGA calculation for the Company and the Department.

However, the Company is not opposed to treating gas-acquisition costs in the same way that bad-debt will be treated, in that the Company could establish an individual charge for each company. If handled in this matter, the charge for Essex customers would be zero.